

# Why entrepreneurs who are permanent travelers should start an offshore company

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You have decided to be a permanent traveller, moving around the world, not resident in the countries that you work and play in (Five Flags approach). You are entrepreneurial - perhaps a freelance writer, programmer, photographer or marketer. Or any job that you can do remotely via Skype, gotomeeting and email. You decide to create a company in your home country to present a professional image to clients and to limit your liability. **Stop!**

Creating a company - good idea

Doing in in your home country, where you were born and have (one of your) passports from - bad idea

Why? Because the chances are if you are from a Western country (USA, CAN, AU, UK, EUR, JAP) that there are

- lots of company taxes
- lots of forms to fill out and delays to start your company
- lots of forms each year at tax time
- lots of regulations about how you chose to run your business (eg around hiring and firing workers in France and Germany)

If you were living and working in your home country then perhaps it would make sense to open your company there. (And if your company will pay you a salary in your home country expect it to be taxed there!) But you are permanent traveling and you have more options! You can live and play in one or more countries, have

clients in a second (or with internet marketing in many other countries), incorporate your business in a third country and have your company bank account in a forth.

The advantages are:

- many fewer forms to fill out to start and often one day incorporation
- low or zero company taxes
- few or no annual reporting forms
- few or no regulations about how you run your business

If you use an incorporation service firm you do not have to travel to the country in question to incorporate - you fill out forms online, scan passport and any other supporting documents (and mail notarized copies). In many cases the firm will help you open bank and brokerage accounts for your company remotely too.

Costs: figure on USD \$1000-2000 to incorporate and around \$1000 per year in renewal fees. If you pick a country that requires accounting and other annual reports allow for those expenses too. You can pay by credit card or wire transfer.

My favorite offshore company locations. My personal current pick is the Marshall Islands due to low annual paperwork, privacy and reliability.

- **Hong Kong**
  - Pros
    - entrepreneurial country, business oriented government
    - low tax regime (16.5% for HK income, zero for non-HK income)
    - absence of foreign exchange controls
    - political and economic stability
    - fast and easy offshore company setup 5-7 days
    - not viewed as a tax haven by OECD
    - Directors can be Hong Kong residents or non-residents

- English is used for business lanaguage
- Cons
  - Company secretary must be a local individual or corporate resident.
  - A HK physical address that is not a PO Box is required as the registered address.
  - No bearer shares allowed
  - Ongoing Compliance including annual audit of company accounts; intimating the Companies Registry of any changes to the company or its members; filing annual returns with the Companies Registry; filing tax returns with the Inland Revenue Department; holding timely AGMs; maintaining company records, accounting records and other business documents; renewing business registration certificate;
- More [info](#) on process and a service firm to help
- **Singapore**
  - Pros
    - entrepreneurial country, business orientated government
    - low tax regime (8.5%-17% for SG income, zero for non-SG income, 3 year tax holiday on startups)
    - absence of foreign exchange controls
    - political and economic stability, transparent, corruption free
    - English common law system
    - fast and easy computerized offshore company setup 1-2 days
    - not viewed as a tax haven by OECD
    - English is used for business lanaguage
  - Cons
    - One of the Directors must be Singapore residents
    - Company secretary must be a local individual or corporate resident.
    - A SG physical address that is not a PO Box is required as the registered address.
    - You must engage a professional incorporation firm to register a Singapore offshore company.
    - No bearer shares allowed
    - Ongoing Compliance including annual audit of company accounts; intimating the Companies Registry of any changes to the company or its members; filing annual returns with the Companies Registry; filing tax returns with the Inland Revenue Department; holding timely AGMs; maintaining company records, accounting records

and other business documents; renewing business registration certificate;

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- **Marshall Islands**

- Pros

- entrepreneurial country, business orientated government
- low tax regime (8.5%-17% for SG income, zero for non-SG income, 3 year tax holiday on startups)
- absence of foreign exchange controls
- political and economic stability
- English common law system
- fast and easy offshore company setup 1-2 days
- No corporate taxation or reporting required
- not viewed as a tax haven by OECD
- No local requirements for shareholders, directors or secretary. Can all be one (foreign) person - you!
- bearer shares allowed
- Directors and owners are confidential and information does not have to be provided to either the Government or the Public.
- Legal system similar to SG and SG banks are used to working with MI companies
- English is used for business lanaguage

- Cons

- A MI physical address and registered agent is required as the registered address.
- Annual corporate renewal fee
- Grey area on tax haven status
- Few people have heard of it

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- **Panama**

- Pros

- entrepreneurial country, business orientated government
- low tax regime, zero for non Panama income
- absence of foreign exchange controls
- political and economic stability
- fairly fast and easy offshore company setup 4-5 days
- No corporate taxation or reporting required for offshore income
- not viewed as a tax haven by OECD

- No local requirements for shareholders, directors or secretary. Can all be one (foreign) person - you!
- bearer shares allowed
- nominee directors allowed if you want extra privacy
- low annual fee \$500
- Cons
  - Under the influence of the USA and potentially the IRS
  - Spanish is used for business language
  - Napoleonic legal system
- More [info](#) on process and a service firm to help

Note: if you are a US citizen or resident you are required to file and pay the IRS where ever in the world you live based on your worldwide income. Additionally the IRS and US Treasury have lots of paperwork requirements for offshore companies and businesses owned by US citizens. This makes offshore company much more attractive to non US-citizens passport holders.